

IC 5-1.5-6.5

Chapter 6.5. Capital Funds

IC 5-1.5-6.5-1

Capital principal fund and capital interest fund; programs for qualified entities

Sec. 1. (a) The bank shall establish and maintain:

- (1) a capital principal fund, to be funded from appropriations made to the fund by the general assembly and any other money that the bank transfers to the fund; and
- (2) a capital interest fund, to be funded from investment earnings on the capital principal fund.

(b) The bank may use the funds only for programs for qualified entities issuing securities for any of the following purposes:

- (1) Sewage works.
- (2) Waterworks.
- (3) Parking facilities.
- (4) Redevelopment projects financed with allocated property tax proceeds under IC 36-7-14-39 or IC 36-7-15.1-26.

As added by P.L.38-1988, SEC.5.

IC 5-1.5-6.5-2

Investments; credit of earnings

Sec. 2. Money in the funds may be invested in the manner provided in IC 5-1.5-3-3. However, all earnings on the funds shall be credited to the capital interest fund.

As added by P.L.38-1988, SEC.5.

IC 5-1.5-6.5-3

Capital principal fund; debt service; agreement; recovery

Sec. 3. (a) The capital principal fund may be used only to guarantee payment of debt service on:

- (1) securities issued by a qualified entity for a purpose specified in section 1(b) of this chapter; or
- (2) bonds or notes issued to purchase securities issued for a purpose specified in section 1(b) of this chapter.

(b) The bank and the qualified entity must enter into an agreement before a guarantee under subsection (a)(1) is effective. This agreement may contain any provisions the bank considers appropriate and may specify which funds held by a state agency are subject to recovery under subsection (c).

(c) If debt service on securities of a qualified entity is paid by the bank to a qualified entity or owners of its securities under a guarantee under subsection (a)(1), the amount paid from the capital principal fund may be recovered from funds held by a state agency or department that are payable to the qualified entity as set forth in subsection (b).

As added by P.L.38-1988, SEC.5.

IC 5-1.5-6.5-4

Required debt service reserves; budget committee review

Sec. 4. (a) Except as provided in subsection (d), whenever a reserve fund for an issue of bonds or notes issued to purchase securities specified in section 1(b) of this chapter does not contain the required debt service reserve (as defined in IC 5-1.5-5-1(b)), the chairman of the board shall immediately:

- (1) transfer to the reserve fund the amount needed to restore the required debt service reserve first from the capital interest fund and, to the extent necessary, from the capital principal fund; and
- (2) certify the amounts transferred to the general assembly.

(b) The general assembly may appropriate to the bank for deposit in the capital principal fund the amount transferred from the fund to restore required debt service reserves. Nothing in this subsection creates a debt or a liability of the state to make any appropriation.

(c) Appropriations made to the capital principal fund do not revert to the state general fund at the end of any fiscal year.

(d) Notwithstanding any other law, and except as provided by subsection (e), after June 30, 2005, the:

- (1) issuance by the bank of any indebtedness that incorporates the provisions set forth in subsection (a) or otherwise establishes a procedure for the bank or a person acting on behalf of the bank to certify to the general assembly the amount needed to restore a reserve fund or another fund to required levels; or
- (2) execution by the bank of any other agreement that creates a moral obligation of the state to pay all or part of any indebtedness issued by the bank;

is subject to review by the budget committee and approval by the budget director.

(e) If the budget committee does not conduct a review of a proposed transaction under subsection (d) within twenty-one (21) days after a request by the bank, the review is considered to have been conducted. If the budget director does not approve or disapprove a proposed transaction under subsection (d) within twenty-one (21) days after a request by the bank, the transaction is considered to have been approved.

As added by P.L.38-1988, SEC.5. Amended by P.L.235-2005, SEC.78.

IC 5-1.5-6.5-5**Capital interest fund; purposes for use**

Sec. 5. With respect to the programs specified in section 1(b) of this chapter, the capital interest fund may be used for the following purposes in addition to the purpose specified in section 4 of this chapter:

- (1) To guarantee payment of debt service on bonds or notes.
- (2) To pay premiums for bond insurance or debt service reserve insurance for bonds or notes.
- (3) To pay credit enhancement, liquidity support, remarketing, or conversion fees for bonds or notes.

(4) To pay other costs of issuance of a bank transaction.
As added by P.L.38-1988, SEC.5.